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13 JUN 1957

MEMORANDUM FOR: Chief, Technical Accounting Staff ✓

FROM : Member of TAS

SUBJECT : Erroneous Allotment Account Numbers Reflected on the Status of Allotment Report

REFERENCE : Memorandum dated 12 April 1957 from Chief, Budget Division, with attachments

1. Reference memorandum stated that a review had been made of the Status of Allotment Report to determine the cause of the errors appearing thereon. The memorandum requested that a procedure be established to assure that only correct allotment account numbers are used.

2. Review of the March 1957 Status of Allotment Report disclosed that numerous errors had been made in the recording of allotment account numbers. A recapitulation of these errors by fiscal year is as follows:

	<u>FY 1956</u>	<u>FY 1957</u>
Financial entries	25	60
Property entries	173	123

3. It was found that one of the reasons for the accumulation of errors appearing on the Status of Allotment Report was the fact that the Chart of Allotment Accounts for FY 1957 was not distributed until 2 August 1956. In a meeting with Mr. [REDACTED] I was assured that the Chart of Allotment Accounts for FY 1958 would be distributed prior to 30 June 1957.

4. A review was made to consider the feasibility of having the Machine Records Division verify the punch cards representing expenditures and issues prior to the preparation of the report. It was found that verification in the Machine Records Division was not advisable as the processing of documents is almost completed at this point.

5. It was also considered to place the responsibility for review of allotment numbers in the Office of Logistics; however, the representatives of the Office of Logistics stated that their Office could not accept responsibility for determining the correct allotment numbers to be charged for cost of property issues as this was a function which should be performed by the respective component Budget and Fiscal Officers.

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6. In view of the foregoing it was decided to have discussions with the Area and Office Budget and Financial Officers regarding the subject report with a view of decreasing or eliminating the errors by closer checks within their offices. The result of those discussions on 15, 16 and 17 May is as follows:

a. EE Division (26 erroneous property entries, 8 erroneous financial entries)

The representative for the B/F Officer of this Division stated that they did not utilize the subject report in any way. Corrections of erroneous allotment numbers as a result of financial entries were made monthly utilizing the 600.1 Expenditure Report as a basis for such corrections. It was stated by the B/F representative that it was difficult to utilize the 600.2 Property Issues Report for correction of erroneous allotment numbers resulting from property issues as the 600.2 report did not reflect adequate information. He suggested that consideration be given to revise the 600.2 report so that it would reflect the total value of issues for each requisition in lieu of the value of each line item upon issue. This would enable them to adjust their obligations with one entry rather than having to make numerous adjustments. Upon being advised of the errors the B/F representative stated that they would provide for verification of all allotment numbers reflected on requisitions for property prior to submission to Logistics.

This Division does not prepare a formal reconciliation of its fund and property accounts.

b. EE Division (3 erroneous property entries, 3 erroneous financial entries)

The B/F Officer for this Division (Mr. [REDACTED]) stated that they utilized the subject report as an easy means to locate the allotment numbers which were in error. Mr. [REDACTED] stated that they used the 600.1 and 600.2 reports in conjunction with the Status of Allotment Report and made the necessary corrections on a monthly basis. The EE Division accounts are reconciled on a monthly basis and necessary corrections made accordingly. All requisitions are verified for correctness of allotment account numbers prior to submission to Logistics.

c. EE Division (11 erroneous property entries, 9 erroneous financial entries)

Mr. [REDACTED], the B/F Officer for this Division, stated that he reviewed the subject report to ascertain whether or not any of the allotments listed therein reflected a credit balance. He also uses the report to pick up erroneous allotment account numbers. The 600.1 and 600.2

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reports are used by this Division to locate the specific errors and are utilized as a basis for the preparation of adjustment vouchers. The WH Divisions FY 1957 accounts are reconciled and corrected on a monthly basis and the FY 1956 accounts are corrected on a time available basis. All requisitions are verified for correctness of allotment account numbers prior to submission to Logistics. Mr. [redacted] was of the opinion that the errors reflected on fund allotments were due in part to illegible posting vouchers and punching errors.

25X1A9a

d. FE Division (29 erroneous property entries, 19 erroneous financial entries)

25X1A9a

The B/F Officer for this Division (Mr. [redacted]) stated that his Office utilized the subject report during reconciliation of the 600.1 Expenditure Report and 600.2 Property Issues Report. It was also stated that this Office experiences difficulty in reconciling the 600.2 Property Issues Report due to the fact that the requisition numbers shown on the report do not reflect the station numbers from which the requisitions were received.

The FE Division verifies all allotment numbers reflected on requisitions prior to submission to Logistics. Its financial allotments and FY 1957 property allotments are reconciled and corrected on a monthly basis; however, its FY 1956 property allotments are being reconciled and corrected on an overtime basis and to date such reconciliations are not current. It should be noted that this Division submitted corrections to the February 1957, 600.2 Report, but due to either punching errors by the Machine Records Division or coding errors by Logistics the corrections were not reflected in the March 1957 Status of Allotment Report. The Office of Logistics has accepted responsibility to make the necessary corrections.

e. SR Division 1 erroneous property entry, 6 erroneous financial entries)

25X1A9a

The Acting B/F Officer (Miss [redacted] for this Division stated that they were not experiencing any difficulties in reconciling its 600.1 and 600.2 reports. Reconciliations are made on a monthly basis at which time the necessary corrections are made.

f. NRA Division (40 erroneous property entries, 8 erroneous financial entries)

On 17 May I visited the B/F Officer of the NRA Division (Mr. [redacted]) and learned that he was not aware of the number of errors in the subject report pertaining to the NRA Division. When apprised of the situation he offered his full cooperation to endeavor to clear up the existing errors and to prevent similar errors from occurring in the future. This Division reconciles its financial and property accounts monthly and prepares adjustment vouchers for correction of financial errors

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on a monthly basis. Adjustment vouchers to correct errors appearing on the 600.2 Report are prepared on a time available basis; however, it was stated that effort would be put forth to correct the errors occurring in the 600.2 Report on a monthly basis. The B/F Officer also stated that more care would be exercised when reviewing allotment numbers reflected on requisitions forwarded to Logistics.

g. ME Division (21 erroneous property entries, 4 erroneous financial entries)

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The B/F Officer for this Division (Mr. [REDACTED]) stated that they utilized this report in conjunction with the 600.1, Expenditure Report. However, due to a heavy workload no action has been taken to reconcile the 600.2 Property Issues Report. When pointed out that the subject report could be utilized as a rapid means of identifying erroneous allotments the B/F Officer stated that they would take action to correct such errors on a monthly basis. This Division is currently reviewing all allotments numbers appearing on requisitions prior to submission to Logistics.

7. In all the offices contacted, I found the B/F Officers to be very cooperative. Also, all were willing to endeavor to reduce the number of errors in the Status of Allotment Report by ensuring that all allotment numbers appearing on requisitions are verified for correctness prior to submission to Logistics.

8. I do not intend to visit the B/F Officers within the DD/I or DD/S as Miss [REDACTED] of the Budget Division has contacted these offices on the same subject.

15/ [REDACTED] 25X1A9a

15/ TAS/LIM/mlc(12 June 1957)

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